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DAN F. ARNETT
CHIEF OF STAFF

179886

VIA U.S. MAIL

May 31, 2006

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202-8416

Benjamin P. Mustian, Esquire
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202-8416

RE: Application of United Utility Companies, Incorporated for Adjustment of Rates
and Charges and Modification to Certain Terms and Conditions for the Provision
of Water and Sewer Service
Docket No. 2006-107-WS

Dear Mr. Hoefer and Mr. Mustian:

Please find enclosed and served on you the Office of Regulatory Staff's Second Continuing Data Requests in the above referenced matter. Please let me know if you have any questions.

Sincerely,

Shannon Bowyer Hudson

Shannon Bowyer Hudson

SBH/pjm
Enclosure

cc: Charles L.A. Terreni, Esquire (w/encl)
Duke K. McCall, Jr., Esquire (w/encl)
Jacqueline H. Patterson, Esquire (w/encl)
Mr. Newton Horr (w/encl)

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BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2006- 107 -W/S

IN RE: Application of United Utility)	
Companies, Inc. for Adjustment)	
Of Rates and Charges and)	Office of Regulatory Staff's Second
Modification to Certain Terms and)	Continuing Data Request
Conditions for the Provision of)	
<u>Water and Sewer Service</u>)	

TO: JOHN M. S. HOEFER, ESQUIRE, and BENJAMIN P. MUSTIAN
ATTORNEYS FOR THE APPLICANT, UNITED UTILITY COMPANIES,
INC. ("UUCI" or "the Company")

INSTRUCTIONS

The Office of Regulatory Staff hereby requests, pursuant to 26 S.C. Code Regs. 103-853, that the Applicant answer the following data requests in writing and under oath and serve the undersigned within ten (10) days after service of this Data Request at the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person, to provide the full name, title, and current address and telephone number of the person. When asked to identify or provide a document, "identify" and "provide" means to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may

attach to your responses a copy of the document and identify the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means mailing address and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) responsible for the information contained in each response be indicated.

- I. That the Company provide to the Office of Regulatory Staff two copies of the responses to this data request as soon as possible but no later than ten (10) days after service thereof.
- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- K. This data request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.

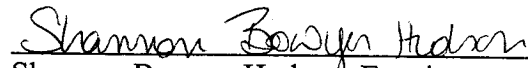
QUESTIONS

- 2.1 Explain Water Service Corporation's process for the allocation of administrative and executive salaries from the Northbrook, Illinois office to the Utilities, Inc. subsidiaries. What are "capitalized administrative salaries" (account #6019030), and how are these salaries allocated to the subsidiaries? List the employees whose salaries are booked through the distribution of common expenses and the employees whose salaries are directly assigned.
- 2.2 Please identify which Utilities, Inc. subsidiaries maintain continuing property records in the manner consistent with ORS's First Continuing Data Request 1.48. Please indicate which subsidiaries have been obligated to maintain continuing property records pursuant to any settlement agreements or orders in states other than South Carolina and include reference to such agreements or orders by identifying the state, docket number, order number and date of the agreement or order.
- 2.3 For any Utilities, Inc. subsidiary that has not maintained continuing property records, such as UUCI, please explain the resources and procedures that would be necessary to implement a system for maintaining continuing property records.
- 2.4 Provide a copy of any presentation material that Utilities, Inc. (or any of its subsidiaries) has made to AIG Global Investment Group, Nuon USA, Nuon Global Solutions USA, Hydro Star or Highstar II in connection with the purchase of Nuon USA by Hydro Star. Include any presentations or summaries referring to UUCI that have been made regarding the earnings and/or earnings potential of CWS.
- 2.6 Does the value of UUCI's non-public, non-traded stock change from year to year? If so, please provide and explain any such changes for the past three years.
- 2.7 What change in profit does UUCI anticipate in the next three years?

- 2.8 State whether the witnesses listed in response to First Continuing Data Request 1.63 are receiving payment for their testimony and whether the witness(es) is also testifying in the CWS and Tega Cay rate case. If the witness is testifying in the other two cases and is receiving payment for his or her testimony, please describe the terms of the payment and whether the payment method is the same among the CWS, Tega Cay and UUCI rate cases.
- 2.9 Provide copies of all documentation related to the pending transfer of the Gem Lakes Subdivision sewer system and territory as set forth in the Public Service Commission of South Carolina ("Commission") Docket No. 2006-130-S to the City of Aiken ("Gem Lakes transfer"). Documentation should include, but not be limited to:
- a. Surveys of the system;
 - b. Appraisals of the system;
 - c. Correspondence with the City of Aiken relative to the transfer;
 - d. Schedule of assets to be transferred and the purchase price amount assigned to each asset being transferred; and,
 - e. Invoices documenting the historical costs of each of the assets to be transferred.
- 2.10 Provide the calculations of the accumulated depreciation of each of the assets to be transferred as of the projected date of the Gem Lakes transfer.
- 2.11 Provide detailed calculations of the balance of any accumulated deferred income tax assets or liabilities associated with the assets to be transferred as of the projected date of the Gem Lakes.
- 2.12 Provide detailed calculations of the balance of any unamortized investment tax credits associated with the assets to be transferred as of the projected date of the Gem Lakes transfer.
- 2.13 For the years ended December 31, 2003, December 31, 2004 and December 31, 2005, provide detailed information as to the revenues and expenses recorded relative to the operation of the Gem Lakes Subdivision sewer system and service territory.
- 2.14 Provide proposed Proforma journal entries to normalize UUCI's financial information reflecting the completion of the Gem Lakes transfer.

- 2.15 For the years ended December 31, 2003, December 31, 2004 and December 31, 2005, provide detailed information as to the revenues and expenses recorded relative to services provided by UUCI to the property described in Commission Docket No. 2006-122-S, Petition of United Utility Companies, Incorporated to Relinquish Certain Portions of Its Authorized Sewer Service Area in Oconee County, South Carolina.
- 2.16 Provide proposed Proforma journal entries to normalize UUCI's financial information reflecting resolution of the matter set forth in Commission Docket No. 2006-122-S.

May 31, 2006


Shannon Bowyer Hudson, Esquire
Nanette S. Edwards, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
P.O. Box 11263
Columbia, South Carolina 29211
Phone: 803-737-0889 and 803-737-0575
Facsimile: 803-737-0895

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-107-WS

IN RE:

Application of United Utility Companies, Incorporated)	
For Adjustment of Rates and Charges and Modification to)	
Certain Terms and Conditions for the Provision of Water)	CERTIFICATE OF
And Sewer Service)	SERVICE

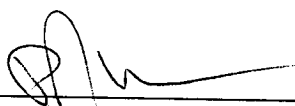
This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **OFFICE OF REGULATORY STAFF'S SECOND CONTINUING DATA REQUEST** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

John M.S. Hoefer, Esquire
Benjamin P. Mustian, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, SC 29202-8416

Newton Horr, President
Lake Trollingwood Homeowners Association
131 Greybridge Road
Pelzer, SC, 29669

Duke K. McCall, Jr., Esquire
Leatherwood Walker, Todd & Mann, P.C.
Post Office Box 87
Greenville, SC, 29602

Jacqueline H. Patterson, Esquire
Patterson & Coker, P.A.
1225 South Church Street
Greenville, SC, 29605



Pamela J. McMullan

May 31, 2006
Columbia, South Carolina